

76 Strikers Injured By Rubber Bullets Near Johannesburg

JOHANNESBURG — Police officers and mine security guards fired rubber bullets at 700 black strikers Friday and injured 76, South African mine owners said.

Kiosk Tunisia Blasts Called Warning

TUNIS (AP) — The recent explosions at four tourist resorts in Tunisia were a warning to the country's leaders, Tehran radio said Friday.

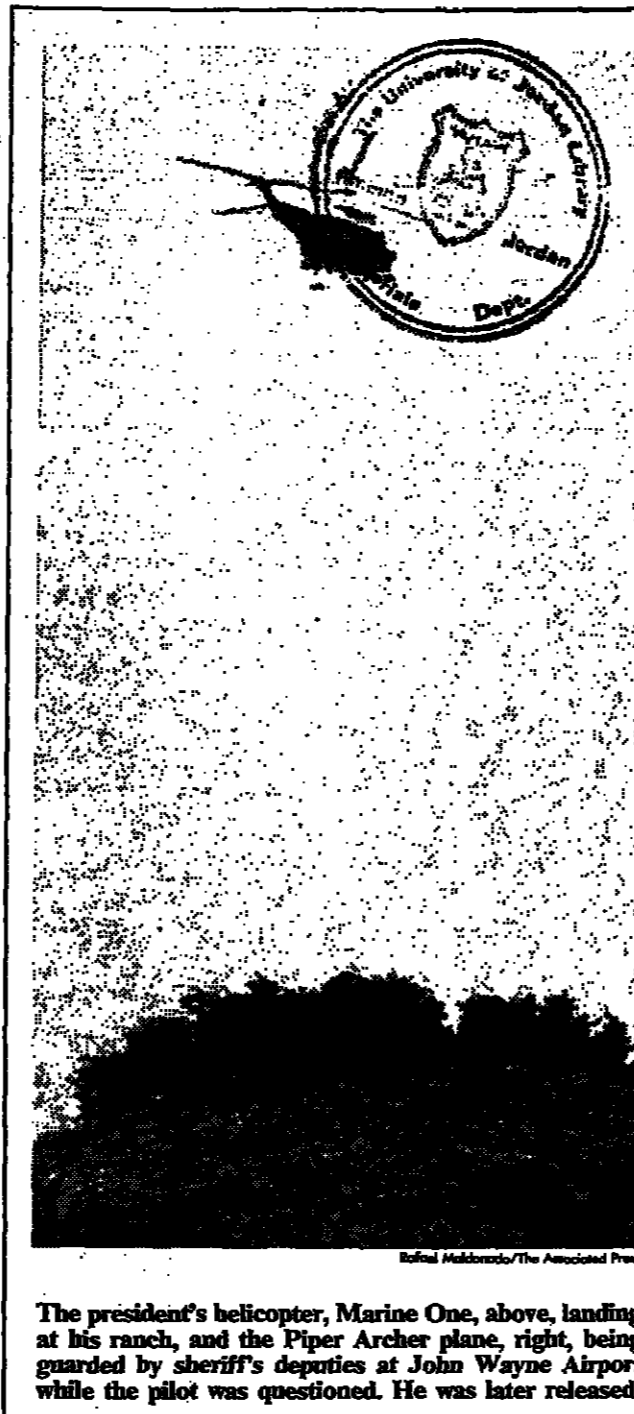


This 15th-century drawing can be seen in the current exhibition at the Royal Academy of Arts in London.

GENERAL NEWS Protesters in South Korea denounce the government over the slow pace of promised reforms.

Managua Links Accord With Halt to U.S. Aid

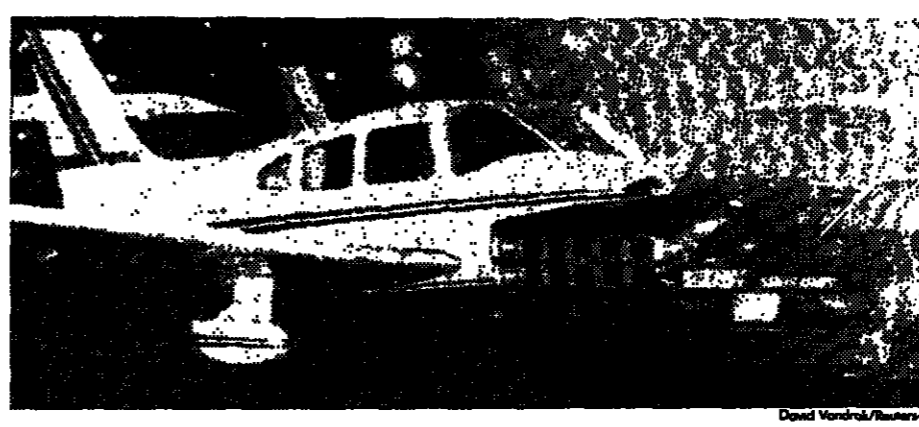
By Stephen Kinzer New York Times Service MANAGUA — Nicaragua's vice president says the Sandinist government is ready to restore full press and political freedoms, but only if the United States ceases to aid the Nicaraguan rebels.



The president's helicopter, Marine One, above, landing at his ranch, and the Piper Archer plane, right, being guarded by sheriff's deputies at John Wayne Airport while the pilot was questioned.

Reagan in a Helicopter Scare Agents Chase Small Plane After Close Call

By Lou Cannon Washington Post Service SANTA BARBARA, California — A small plane was involved in a near-collision with the helicopter carrying President Ronald Reagan to his ranch northwest of here, White House officials said.



The Piper Archer plane, right, being guarded by sheriff's deputies at John Wayne Airport while the pilot was questioned.

U.S. Gap In Trade Widens

Unexpected Rise In June Sends Dollar Tumbling

WASHINGTON — The U.S. merchandise trade deficit widened to \$15.71 billion in June, largely because of a \$2 billion increase in imports, the government said Friday.

Angola, Admitting Hunger Crisis, Asks Urgent Aid

By Blaine Harden Washington Post Service LUANDA, Angola — In a candid disclosure of widespread urban hunger and governmental failure to induce farmers to sell surplus food, the government has prepared its largest-ever request for international emergency assistance.

India Broods at Age 40 Independence Day Points Up Despair As Problems Seem to Eclipse Progress

By Steven R. Weisman New York Times Service NEW DELHI — Forty years ago, Prime Minister Jawaharlal Nehru unfurled the flag of a new nation and spoke with hope of its "tryst with destiny."



Prime Minister Rajiv Gandhi of India with Abdul Wali Khan, center, a Pakistani opposition leader, and his sister, Mehru Taj, right, who accepted India's highest civilian award Friday in New Delhi on behalf of their father, Abdul Ghafoor Khan.

In Shadow of Bombings, Pakistan Marks Anniversary

ISLAMABAD, Pakistan — Two bombs exploded in the provincial city of Peshawar on Friday, killing at least two persons as Pakistan marked the 40th anniversary of its independence.

U.S. Experts Doubt a Heterosexual AIDS Epidemic

By Robert Scheer Los Angeles Times Service ATLANTA — AIDS is not spreading at the anticipated rate among heterosexual Americans who do not use drugs, and officials at the Centers for Disease Control see no evidence that the disease will reach epidemic proportions, except among homosexuals and intravenous drug users.

BA Places £500 Million Boeing Order

By Warren Gehler International Herald Tribune LONDON — British Airways PLC said Friday it had placed a firm order for 11 Boeing 767-300 jetliners with a total value of £500 million (\$789.5 million).

# U.S. Navy Learns Pitfalls Of Protecting Gulf Lanes

## Mined Channel Could Be Avoided By Sailing in Iran's 'Exclusion' Area

By Bernard E. Trainor  
New York Times Service

WASHINGTON — As the U.S. Navy is finding out, protecting shipping in the Gulf is no easy task. Kuwaiti tankers flying the American flag entered the Gulf last month with a naval escort prepared to cope with air attacks and suicide boats, only to have one of the ships unexpectedly fall victim to an aged mine planted in a narrow shipping channel.

There is no easy solution to safeguarding commercial shipping in the Gulf as long as Iran and Iraq consider the Gulf a war zone and see an advantage in attacking shipping associated with the other side. Each side has drawn lines and established zones to govern the movement of shipping to its advantage.

The Iraqis have declared the northeastern waters of the upper Gulf a prohibited war zone, warning that they will attack all vessels in that zone above 29 degrees 30 minutes north latitude. That zone includes Kharg Island, Iran's principal oil transshipment point and the target of many Iraqi air raids.

The line that the Iraqis have drawn is more ambitious. Its "exclusion zone" runs the length of the Gulf about 40 miles (65 kilometers) from the Iranian coast. The Iraqis have declared that zone a war zone and they warn all shipping headed for non-Iraqi ports to sail west of that line.

Unlike Libya and its claim to the Gulf of Sidra, which the United States has challenged, Iran views its exclusion zone as an interim war-time measure. Like many coastal nations, Iran claims a 12-mile limit. The United States recognizes three-mile limits but normally does not challenge a 12-mile claim.

Law of the sea experts say a belligerent state may declare a "zone of danger" through which neutral vessels operate at their own peril, providing international waterways are not closed. The main shipping channel through the Gulf runs west of the Iranian exclusion zone and remains open.

Gulf shipping, including the Kuwaiti tankers under American naval escort, honors the Iranian zone and stays outside it. By so doing, however, shipping to Kuwait is confined to a narrow channel two-thirds up the Gulf in the vicinity of Farsi Island. The island, which is Iranian, is on one side of the chan-

nel while shallow water borders the other. It was in this narrow channel — about two miles wide — that the supertanker Bridgeton hit a mine presumed to be Iranian while under U.S. Navy escort last month.

Future convoys could avoid this easily mined passage by sailing through deeper waters and a wider channel east of Farsi, but that would bring the ships into the Iranian exclusion zone. Such a move would reduce the mine threat but it would not eliminate it because randomly planted mines would still pose a hazard.

More importantly, transit of the Iranian zone could be seen as a deliberate challenge to Iran and could lead to confrontation if Tehran decided to respond with air and suicide-boat attacks against tankers and escorts.

The navy feels confident it can deal with Iranian attacks at sea, even in Iranian waters, but government officials declined even to discuss crossing the Iranian exclusion line, saying that the issue was too sensitive.

Naval officers in the Pentagon said the mine threat off Farsi was a one-time surprise and the recent steps taken to improve mine countermeasures in the Gulf would soon make the idea of an alternate route moot.

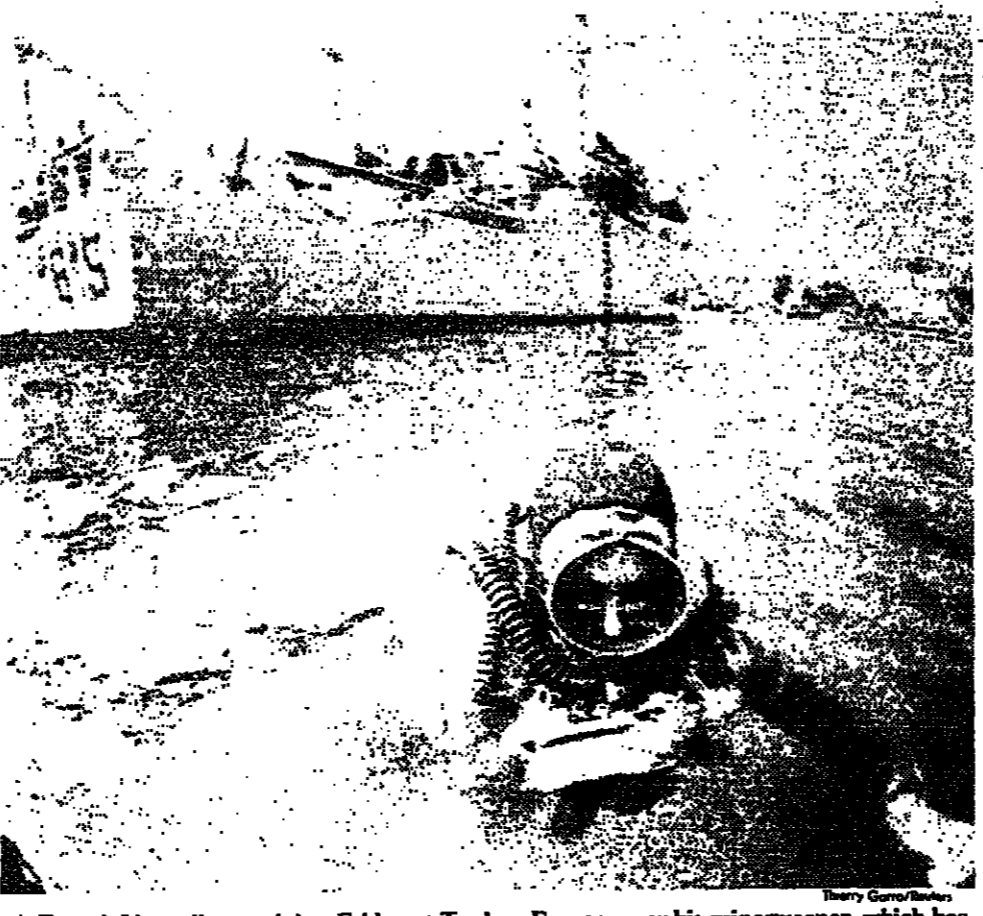
Even though Iran and Iraq have both delineated war zones in the Gulf, they bear only a loose relationship to the sites of attacks.

The Iranian exclusion line drawn to keep out foreign shipping not dealing with Iran has had the unintended effect of delineating a free-fire zone for Iraqi aircraft, which attack ships they find inside the zone.

The air attack on the U.S. frigate Stark in May took place when an Iraqi pilot reportedly made a navigational error and thought he was attacking a ship inside the Iranian exclusion zone.

The Iraqis have carried out most of their acknowledged attacks on shipping in the lower Gulf and have primarily targeted ships dealing with Kuwait, which is the main entry point for war material being shipped to Iraq.

The spate of mining widely attributed to Iran has been undertaken successively on the sea lane into Kuwait, in the narrow channel west of Farsi Island and most recently outside the Gulf, off the coast of Oman, where ships frequently anchor.



A French Navy diver training Friday at Toulon, France, near his minesweeper, which has been ordered to sail to the Gulf. France and Britain are sending minesweepers to the area.

# Tiny Gulf Emirates Fear the War's Spread

By John Kifner  
New York Times Service

MANAMA, Bahrain — The tiny emirates of the Gulf, shimmering new fantasy cities built on the sands by oil money, are gripped by fear of the spreading danger in the Iran-Iraq war, now seven years old.

American, British and French ships are converging on the Gulf, where mines and Iranian speedboats menace the oil tankers that brought wealth.

And the recent violence in Mecca during the Islamic pilgrimage, which left at least 400 people dead, many of them Iraqis, reawakened the seventh-century schism in Islam that dominates life here.

"Twenty years ago we were in the Middle Ages," said Tariq Almoayed, Bahrain's minister of information. "Oil wealth has brought us progress, education, modernity. Now, all is threatened by the fighting among our neighbors. It is a dangerous time."

The mood of nervousness and tension builds with each day's news. On Wednesday, a Saudi Coast Guard vessel hit a mine in the northern end of the Gulf, and two crew members were slightly wounded.

At the same time, the United Arab Emirates' coastal defense force lost track of one of three

floating mines that had been detected in a formerly safe haven outside the Gulf.

The mine was somewhere among 60 ships anchored off Fujaira, where on Tuesday a loose mine damaged an American-operated, Panamanian-registered tanker. The

oil money, particularly in the boom years of the 1970s, brought the major emirates an explosion of glass skyscrapers, international hotels and shopping malls in place of bazaars.

In an air-conditioned mall behind the Sheraton Hotel, perfumed in the evening by incense at traditional stands, a men's shoe store displays a selection of black patent leather sandals, presumably for wearing with the white gown called variously a *dishdasha* or *thobe* as what would be black-tie occasions in other places.

Bahrain, for centuries a seafaring and trading society, prides itself on being the most cosmopolitan, worldly nation in the Gulf region. It is flanked not only by Ayatollah Ruhollah Khomeini's Shiite fundamentalism to the north but also by the strict Sunni Wahabite doctrine of Saudi Arabia to the west.

Sophisticated Bahrain established itself as a banking and communications center in a region newly rich but insular, suspicious of foreigners. Now, with banks cutting back, the new hotels underbooked and foreign workers leaving because of what has been a worldwide oil glut, financial experts say the economic difficulties will be compounded by uncertainties of the war and tensions from the Mecca riots.

"We have lived with this war for seven years," said a young government official the other night, sipping a cold American beer, a taste threatened by the Islamic fundamentalist tide. "But now everybody can see it is really bad. Now we have all these navies coming in. It is a very dangerous situation. All it would take to create a confrontation is one enemy, and they have so many."

Perhaps more important than the immediate dangers in the Gulf waters is the historic split between the mainstream Sunni branch of Islam, the faith of the rulers of the emirates, and the Shiite branch, a messianic faith of the downtrodden, tending to martyrdom.

Shiites in the region of many not only in Iraq but also in Lebanon, Iraq, Kuwait, the oil-producing province of Saudi Arabia and in Bahrain, where they constitute 70 percent of the population of 300,000 citizens and 100,000 non-citizens.

This overwhelming majority, silent because of an extremely effective internal security network, represents a kind of standing threat to the rule of the traditional Sunni Moslem tribal chieftain, Sheikh Issa, the 10th emir of the al-Khalifa family since Arab Bedouins expelled the Persians from Bahrain in 1783. The sheikh is widely respected by Western diplomats and other Arab rulers.

In Kuwait to the north, a Shiite minority of about a third of the population has spawned an underground resistance that has begun to plant bombs in the wealth-producing oil fields and to call for the overthrow of the al-Sabah family, which is Sunni and has ruled since 1756. In 1981, security forces arrested 60 Shiites, reportedly trained in Iran, for trying to overthrow the government.

The Shiite population in Bahrain is divided between ethnic Arabs, who live mostly in small villages scattered around the island and are relatively poor farmers, and a smaller but important group of Persian origin, wealthy merchants and traders in Manama, the capital. Many of them still speak Persian at home, although the families might have lived in Bahrain for three or four generations.

Iranian and Saudi television can be received in Bahrain, as in most of the Gulf, and each side conducts a diplomatic and propaganda campaign to give its side of the Mecca violence.

"The violence will have a polarizing effect," a Western diplomat said. "People will tend to see it through a sectarian prism. That is inevitable."

Foreign Minister Shimon Peres, a political rival of Mr. Shamir, also said he would vote in favor of the Lavi jet project, which has been developed largely with U.S. military aid. The United States is urging Israel to drop the project, which is running far over budget. The original estimate of \$15 million to \$18 million a plane has risen to about \$68 million.

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# U.A.E. Says Mines Are Cleared But Shippers React Cautiously

The Associated Press  
MANAMA, Bahrain — Ships kept clear of the main anchorage off Fujaira on Friday despite assurances from the emirate's authorities that it had been cleared of floating mines, shipping executives said.

Coast guards from the United Arab Emirates and Oman, supported by a Saudi Arabian minesweeper, searched the waters in the vicinity of the Strait of Hormuz, the sole access to the Gulf.

The U.S. Navy reportedly was checking further out in the Gulf of Oman.

The Iraqis, accused by the United States of responsibility for the appearance of mines in the area, were poised for minesweeping "maneuvers" in unspecified parts of the international waters.

In Tehran, the Iranian leader, Ayatollah Ruhollah Khomeini, said, "What the Americans are doing is nonsense." He added: "Islamic holy warriors will punish them."

The ayatollah also blamed the United States for the violence July 31 in Mecca that killed hundreds of

pilgrims. The speech was shown on Iranian television, monitored in Cyprus.

In Fujaira, an official at the harbor-control office said by telephone, "It's all normal, and there are no more mines."

He was reiterating the statement issued late Thursday by Colonel Saeed Samssoum, the Fujaira police chief, ending a daylong exclusion zone in the 35-square-mile (90-square-kilometer) area where ships of various nationalities anchor before they take the trip through the strait and up the Gulf.

Colonel Samssoum said two mines had been located and detonated, and a thorough combing of the emirate's coastal waters showed the threat no longer existed.

The port official, who spoke on condition his name not be used, denied reports that as many as six more mines had been spotted in the Gulf of Oman.

"One suspect object that was spotted in Oman's territorial waters turned out to be the hump of a floating dead camel," he said. "From a distance, the objects are not clear and everyone has been

jittery. I think someone even reported a person swimming as a suspect mine."

However, executives at shipping agencies in the region said they remained skeptical.

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Reagan: Stubborn, Wrong

President Reagan's promised accounting for the Iran-contra scandal came down to a minute a month. In his speech he glossed over eight months in less than eight minutes before turning the page to the rest of his term.

months ago that the president had lied to them on an important issue, and nothing has shaken that conclusion. Overnight, a triumphant presidency became an uphill push.

The Great Stock Boom

Now commencing its sixth year, the long rise of the U.S. stock market has become one of the great booms of financial history. Stock prices have reached altitudes responsible for an epidemic of nervous indigestion among investors, as they brace themselves for the inevitable fall-back.

interesting. Up until 15 years ago, it was conventional wisdom that stocks were inflation-proof. They represent, after all, ownership in real assets: factories, machinery, inventories. Those values ought to be constant, regardless of an inflating dollar.

A Merengue of Memories

Social dancing. The Times reported this week, is dead. Health-conscious young people jump in the gym doing aerobics. Health-conscious older people labor in the barn doing the Virginia Reel. Everybody else lies on the couch watching "Crocodile Dundee."

scratched the gym floor, and prom nights meant borrowed cars, rented tuxes and wrist corsages that extended to the elbow.

Other Comment

The Gulf Is the Concern of All A marked degree of satisfaction is being shown in the United States that Britain should have changed its mind about the Gulf.

more necessary to see that neither Iran nor Iraq causes tension between the competing improvisers. It is hard to decide whether Kuwait has merely shown even-handedness by seeking help from both Moscow and Washington or whether it has played one off against the other.

OPINION These Foreign Policy Turf Wars Must End

By Richard C. Holbrooke

NEW YORK — Rogers and Kissinger. Vance and Brzezinski. Muskie and Brzezinski. Haig and Alton. Haig and Clark. Shultz and McFarlane. Shultz and Poindexter.

Every administration begins with high-sounding rhetoric about the primacy of the secretary of state and orderly procedures, but as the president and his staff grow impatient with what they often view as the State Department's leisurely, domestically insensitive, bureaucratic approach to policy, the White House starts to get involved.

and, in his heart of hearts, probably desires. By what right can he presume to lead the nation if he cannot control two of the people closest to him, who depend on him for whatever authority or influence they possess?

A New Role For Reagan, All Scripted

By Lou Cannon

WASHINGTON — As a young actor in the movies, Ronald Reagan frequently was cast as a man of action, or the homespun hero, who could be counted on by his friends.



The president's ghostwriter

It is relatively easy, but of limited value, to map out a set of generalities that cover the proper balance between the NSC assistant and the secretary of state.

The writer, a managing director at Shearman & Sterling, is the investment banker, was the U.S. Assistant Secretary of State for East Asian and Pacific Affairs in the Carter administration. He contributed this comment to The New York Times.

Some Straight Talk About the Bork Hypocrisy

By Tom Wicker

NEW YORK — It's time for some straight talk about Justice Robert Bork's nomination to a seat on the U.S. Supreme Court.

That, we still have the right to oppose a nominee who talks about judicial restraint but in many cases threatens established values and precedents. If it's not certain that he does, liberals still should try to keep the court out of conservative control, and the Constitution says senators don't have to accept a president's nominee.

hand, the Bork nomination could be Mr. Reagan's last chance to remake the court — particularly if debate on the nomination carries over into the election year. For that reason, many conservatives consider the Bork confirmation battle perhaps the most important decision of the Reagan years; and for the same reason, many liberals agree.

LETTERS

Don't Cut Off Romanians

Regarding "It's Time to Reign in Coercion" (June 10) by Jeri Laker: It is time for those in the U.S. Congress who voted in favor of suspending Romania's most favored nation trading status to imagine what that country would be like without it.

There's a Way Out of the Afghan War

By Barnett R. Rubin

NEW HAVEN, Connecticut — The Afghan resistance, now better supplied than ever, has recently won important military successes in key regions of the country. This is unknown to most of the outside world, but not to their opponents.

how far the other side will go by responding to Mr. Cordovez. Resistance leaders have sometimes expressed a wish to be invited to participate in talks. Unfortunately, their divisions and the resultant lack of clarity of their positions all mean that no one can be sure how they would respond to an invitation.

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# South Korea Protesters Decry Pace Of Reforms

*The Associated Press*  
SEOUL—About 3,000 students and other activists calling for democracy demonstrated Friday at a university campus in Seoul as hundreds of thousands of workers around the country went on strike.

The four-hour demonstration at Seoul National University was largely peaceful. About 2,000 police were stationed outside the school gate but did not intervene. No clashes were reported.

The protesters raised clenched fists and shouted, "Down with military dictatorship" as speakers urged the government to release all political prisoners.

The crowds also voiced support for the striking workers, who are seeking more pay and freer unions.

Some speakers denounced the current democratic initiatives by the government as "a temporary shift in tactics" and called for further struggle to assure democracy.

The Labor Ministry said more than 200 strikes continued throughout the country.

The strikes began soon after the government agreed last month to sweeping democratic reforms, including direct presidential elections and fewer restrictions on labor unions. The government agreed to the reforms after weeks of anti-government demonstrations, mostly by university students.

Authoritarian governments have kept a tight rein on unions since South Korea's economic surge began in the 1970s. Strikes have been virtually banned. Pay has been kept low to make the country's products cheaper on world markets.

South Korean employees worked a 54.4-hour work week last year, but earned an average of only \$370 a month. Productivity has nearly doubled since 1980, but pay has risen only 40 percent.

Most strikers are demanding higher wages, better working conditions and the right to organize and conduct union activities free of government control.

About 2,000 coal miners roamed through the streets of Changwon in the coastal Kangwon Province Friday night and raided company offices, destroying a telephone switchboard and furniture, according to a spokesman for the state-run Korea Coal Mining Co., which operates several mines in the area.

Officials said some of the protesters stoned apartments of company officials and set fire to one. They said police dispersed the demonstrators early Friday. No injuries were reported.

The Hyundai Shipyard in Ulsan on the southeast coast, which had resumed operation Tuesday after suspending work for several days, shut down again Friday when about 1,000 workers urged colleagues to walk off their jobs.

The government Friday released figures it said showed an alarming effect of the unrest on the economy.

The Trade and Industry Ministry said exports in the first 10 days of August were \$692 million, compared to \$936 million in the first 10 days of June and \$1.7 billion in the first 10 days of July.



Miners injured by guards at an Anglo American Corp. mine west of Johannesburg.

# STRIKE: 76 African Miners Injured by Rubber Bullets

*(Continued from Page 1)*

for several months. The firm gave no reason for its intention to shut down its Landau coal mine.

Mr. Ramaphosa said the union was arranging buses to take strikers away from the mines west of Johannesburg where violence had occurred. He said the men were being taken to their homes, some outside the country, but did not specify where.

There has been no indication of any renewal of talks with the Chamber of Mines, which represents the top gold and coal mines, he said.

About 150 union members who struck Thursday at the Rand Refinery, the main processor of the country's export gold, returned to work Friday, management said.

But the union said 10,000 additional workers joined the walkout Thursday.

The union is demanding a 30-percent wage increase, longer annual leave, more death benefits and a paid holiday on the anniversary of the student uprising in the black township of Soweto on June 16, 1976.

The Chamber of Mines on July 1 unilaterally granted pay raises ranging from 15 to 23 percent.

The chamber said the average black miner's salary was about \$250 a month before the increases and is now about \$285 a month for gold miners and about \$300 for coal miners. That is about one-fifth that the average white miner earns.

The union says the average black miner earned \$170 before the wage increases.

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# INDIA: Independence Anniversary Unleashes Outpouring of Pessimism

*(Continued from Page 1)*

the modern world. Few would disagree that its major achievement has been preserving democracy, epitomized now by the intensive self-criticism that people in other developing countries might envy as a sign of health.

In addition, there are widespread signs of enormous material progress for India, reflected in health, income, and food production.

Part of the reason for the negative feelings being expressed today is certainly the spread of violence. Killings involving clashes between Muslims and Hindus and between caste groupings of Hindus, plus attacks by Sikh extremists and retaliations by Hindus, are occurring at the highest rate in decades. Scores and sometimes hundreds die in such bloodshed each month.

Another theme in the commentary is the focus on the decline of the quality of the police, the bureaucracy, the political organizations and other institutions, a drop that has been steady since independence but has accelerated in recent years. Everyone, it seems, acknowledges that bribery has virtually become a way of life in dealing with the government at all levels.

Girilal Jain, editor of The Times of India, wrote this week of the need to renew and strengthen "the institutions of a modern state which we inherited from the British, and which we have run down to a point where they have become caricatures of the original models."

The malaise seems tied, most of all, to the political difficulties of Prime Minister Gandhi. He was a symbol of hope when he took office in 1984 but he has become embroiled in accusations of corruption and cover-up directed against his government and in some instances against him personally.

Several former allies and members of his cabinet have been expelled from the governing Congress (I) Party and are calling on him to resign.

"As always, India is facing a set of contradictions about itself," said Sudhir Kakkar, a psychiatrist and author of books about the Indian character. "We do see today a greater sense of self-confidence that there is a uniquely Indian way of doing things. At the same time, these scandals and accusations have really shaken people."

Other experts say the sour mood in India has less to do with scandals or politics than with the unusually oppressive heat this year, coupled with the apparent failure of the monsoon and the specter of drought and hunger.

Certainly, there have been enormous achievements in 40 years as an independent nation.

Although India remains a poor developing nation, with a \$200 billion economy that is one-twentieth the size of that of the United States, its annual per capita income of \$260 is 10 times what it was at independence.

In 1947, the average life expectancy in India was 32 years. Today it is 54. At independence, India was an almost exclusively agrarian nation. Today, it is industrialized, producing steel, machinery, computers, rockets and satellites.

Perhaps most important, a "green revolution" has enabled an India of more than 750 million people—more than twice the popula-

tion at independence—to produce 150 million metric tons of food grain a year, nearly three times what it produced 40 years ago.

A country that was once a major food importer is now self-sufficient in grain, even though more than a third of its people still suffer from hunger and malnutrition.

India's birth rate also has declined somewhat, but experts say that it is still out of control. They predict that India will surpass a billion in population shortly after the turn of the century and eventually will pass China as the most populous country on Earth.

In its four decades, India has fought one war with China and three with Pakistan. Today, it is engaged in a military buildup in response to the continuing deep distrust of these neighbors. India has led the nonaligned nations, while usually endorsing the policies of the Soviet Union in arms control and relations with the developing world.

Yet, perhaps oddly, few of these issues seem to be at the center of national concern today.

Instead, politicians and polls say the public has become preoccupied with the issues of accountability and honesty in government.

"What has happened in the last 40 years is the emergence of the Indian state as the greatest enemy of the Indian nation," said Jaswant Singh, an opposition member of Parliament. "You can see this at the lowest level, in the villages. Today, if a villager has to go before a government official, a policeman, or anyone else, he is completely filled with terror."

But to other analysts, the focus on corruption and morality is itself a sign of progress. Pran Chopra, a social scientist, noted that India, in its early years, had to decide basic issues of its constitution, political and economic structure, and foreign policy.

"There were great debates over all these matters," Mr. Chopra said. "The fact that today we are focusing on whether there was a kickback in a defense contract is a sign of progress. Our broad goals have been established, and we have achieved remarkable consensus and stability in keeping to them."

Today, the dominant political fact appears to be the continuing influence of the "middle class," a phrase used to refer to the most affluent 10 percent or 15 percent of the population, which buys consumer products and sets the pace in demanding a government that is more honest and efficient.

This middle class once provided the support for Prime Minister Gandhi and now seems to have turned against him. Meanwhile, most critics say his party has lost its base of mass support.

Perhaps the greatest threat to India, according to many analysts, is the deterioration of the concept of secularism, the separation of religion from the state. As minority groups such as Muslims and Sikhs have asserted their religious identity, another resurgence of identity—by the Hindu majority—has developed.

Experts wonder whether the rise in grasping for religious identity will push India's ideal of unity among myriad walks of life, faiths, and sects even further beyond reach.

# ACCORD: Peace Depends on U.S. Cutting Off Contra Aid, Managua Says

*(Continued from Page 1)*

be carried out only if other parties also respected the accord.

President Daniel Ortega Saavedra returned Friday from Havana after talks on the peace accord with the Cuban leader, Fidel Castro.

Among other issues, Mr. Ortega and Mr. Castro discussed the role of foreign military personnel in Central America, the Cuban news agency Prensa Latina reported.

"The conclusion was arrived at that an important contribution to peace would be the carrying out of a regional agreement for the halt of all foreign military presence in the countries of the area," the news agency reported, quoting the text of a press release.

Under the peace accord, each country in Central America is required to declare a political amnesty. Mr. Ramirez said the Sandinist government would comply by freeing prisoners, abolishing the special tribunals that condemned many of

them, and allowing rebel leaders to return to Nicaragua and enter political life.

"Disarmed groups would have all political rights," Mr. Ramirez said. "Counterrevolutionary leaders could join existing political parties or form new ones."

This will be possible, he said, only if a cease-fire takes effect, if the United States stops supplying and advising the rebels, known as contras, and if neighboring countries honor their obligations under the accord to forbid the use of their territory for attacks on Nicaragua.

Mr. Ramirez said, however, that during a cease-fire, the contras could receive food and other non-military supplies from "a humanitarian organization like the Red Cross."

He said, "If we assume that the United States stops supporting the counterrevolution, that the counterrevolution accepts a cease-fire, that the counterrevolution begins

the process of giving up arms, that the government of Honduras closes the contra bases and prohibits the use of Honduran territory for contra operations, then parallel with that, the state of emergency will end."

"Full constitutional freedoms will be restored," he continued. "La Prensa will reopen, the Catholic radio station will reopen, there will be no prior censorship of the press, there will be no restrictions on political party activity, the people's tribunals will be closed and all counterrevolutionary prisoners will be freed."

"I hope it happens," he added. Under the Guatemala accord, Nov. 7 is the date by which outside aid to rebel groups must end and Central American countries must carry out measures to encourage democracy.

■ **Duarte, Rebels to Meet**  
Salvadoran rebels have accepted

President José Napoleón Duarte's call to meet in El Salvador on Sept. 15 for peace talks, The Associated Press reported from San Salvador.

"We accept," Rubén Zamora, a rebel leader, said in a telephone interview from his home in Nicaragua. "He changes from one day to another, so we are answering very quickly in case he changes again."

Mr. Zamora said the leftist movement, a coalition of the Farabundo Martí National Liberation Front, a guerrilla group, and the Democratic Revolutionary Front, its political arm, proposed that the talks be held at the highest level and that they take place in San Salvador.

Mr. Duarte made the offer on Thursday to meet with the guerrillas, saying he was complying with the terms of the accord that he and the presidents of Nicaragua, Honduras, Costa Rica and Guatemala agreed to.

# ANGOLA: Citing Hunger Crisis, Government Asks Aid

*(Continued from Page 1)*

States into ending its support of the insurgent group.

This year, for the second year in a row, the U.S. government is sending at least \$15 million in military hardware to the rebels.

The administration of President Ronald Reagan has said that the military equipment is intended to pressure the Angolan government to negotiate with UNITA and to force the withdrawal of an estimated 37,000 Cuban troops.

The Angolan vice minister for foreign affairs, Vanencio De Moura, said that U.S. support of UNITA had strengthened, rather than weakened, the government's intention of keeping the Cuban troops.

He called the aid to UNITA "clear interference in our internal affairs" and said that it was prolonging the war while causing increased civilian casualties.

The number of displaced persons has risen by about 1,000 people in the last six months, Angola says.

Mr. De Moura added, however, that as part of Angola's emergency appeal, the Luanda government "had no problem accepting" bilateral famine aid from the U.S. government.

In the past year the U.S. Agency for International Development has provided 12,000 tons of fortified grits, vegetable oil and dried skim milk for distribution in Angola by the United Nations Children's Fund.

■ **Response From U.S.**

In Washington, a State Department spokesman suggested that Angola's oil revenues were rising and that the country use the money to feed its starving population rather than buying more weapons to fight the UNITA guerrillas.

The spokesman, Charles E. Redman, said the United States had received an emergency request from UNICEF for additional aid to Angola in the coming year. He said U.S. officials were having a hard time deciding on the request because "the government seems to have reduced commercial food imports and used increased revenue to step up imports of war matériel."

# AIDS: U.S. Experts Don't Expect Heterosexual Epidemic

*(Continued from Page 1)*

Haiti, have simply not materialized in the United States.

AIDS is primarily transmitted by an exchange of blood, and it seems that the prevalence of genital infections in Africa has contributed to the spread of the disease there, whereas such infections are far less frequent and severe in the United States.

"In Africa we can say that a major co-factor in the spread of AIDS is venereal disease," Dr. Gallo said. "There are lessons to learn from the African situation, but we cannot predict parallel phenomena here."

Dr. Gallo's observations are part of a growing awareness that heterosexual activity in the United States rarely involves the necessary co-factors — wounds permitting blood or blood-semen exchange — for easy transmission of AIDS.

In the high-risk groups, by contrast, blood contact is common. Most of the homosexual spread has been accounted for by anal intercourse, which often involves torn tissue and rectal bleeding, providing an entry for the virus.

And IV drug users exchange the virus through blood on shared needles.

Some AIDS experts, like the Harvard University virologist William A. Haseltine, still argue the case for a rampant heterosexual spread.

Mr. Haseltine contends that in the United States AIDS is still relatively new to the heterosexual population, and he cites the military study to confirm that large numbers of heterosexuals are now testing positive.

But the military statistics have not held up well. Critics charge that military recruits who tested positive were reluctant in many cases to admit to homosexual practices or intravenous drug use.

## NOTES ON A CENTURY

### A Paris Newsroom in the 1930s: Not Yet Tuned to Rumors of War



The author worked in the mid-Thirties for the Paris Herald, then went on to a bright journalistic career in New York. He worked first for the Herald Tribune there, and then for Newsweek. Along the way, he wrote a series of very funny detective novels. He now lives in the south of France.

By Jack Iams

Shortly after he left the Herald, novelist Elliot Paul — who had been one of the staff's brightest ornaments in the late 1920s and early 30s — said casually to me one day, "If I have as good a time in the next war as I had in the last one, I'll have no complaints."

It was a time when World War I seemed well behind us, and no one yet was worrying much about another. I didn't know Elliot very well at the time, and I was shocked. His remark sounded cynical and callous.

Later, I was to realize that he was one of the most compassionate and peace-loving men in the world, but at the time, when I was a young and wide-eyed member of the Herald staff, I wasn't used to hearing people take it for granted that another world war was on its way.

Now, in retrospect, I can see that Elliot was simply more prescient than most of the people I knew and worked with. He had read the writing on the wall and he knew what it meant.

Very few, if any, of us on the Herald in those days — I am talking about 1933 and 1934 — knew that there was any writing on the wall, let alone read it. Admittedly, the Golden Age of the Herald — the carefree late 1920s — had passed, and the echoes of the American Depression were very much with us. We wondered how the new American President was going to cope with it, and the few remaining expatriates who lived on money from home were undoubtedly worried



Adolf Hitler and Benito Mussolini in Rome, June 1938.

were up to. Although Mussolini was even then preparing for his Abyssinian adventure, he was looked upon, around the Herald anyway, as something of a comic-opera figure.

And indeed there were a good many Americans in those days, some of them quite respectable, who frankly admired Il Duce for having made the trains run on time. As for Hitler, the silly little man with the Chaplinesque moustache then seemed more of a mountebank than a monster.

Ironically, I think that most of us on the Herald thought that the most dangerous threat to peace was inside France itself, with the country showing increasing signs of coming close to civil war.

The Herald itself, of course, strove carefully clear of any comment on the French situation — that had long been its policy — and I would imagine now that a stranger reading an average issue would have had little or no inkling that France, and the rest of the Western World, was heading for serious trouble.

Besides, life on the Herald was still, for the most part, a happy one. Paris, despite its

undercurrents, had never looked lovelier. Wine and food had never tasted better, and though we weren't exactly overpaid, we could afford a few pleasures. Perhaps we were living in a cellophane-wrapped world, too absorbed in our own enjoyment of it to bother with what was brewing outside.

Still, some of us must have known. Bill Shirer, for instance, Bill was as clear-sighted an observer as anyone could ask for. Yet I would guess that even he, when he left the Herald later that year and went to Berlin, had his eyes opened by what he saw there. Certainly his great "Berlin Diary" opened the eyes of countless Americans to the civil despotic that were taking shape in the mind of the silly little man with the moustache. But "Berlin Diary" was not published until 1941.

On the other hand, there were people like Sparrow Robertson, our sports columnist, who hadn't the faintest idea that anything could ever go wrong with the world of Harry's Bar and the Silver Ring that he and his Old Pals lived in.

I'm not sure he ever even heard of Hitler or Mussolini. For that matter — according to legend — he never quite

realized that France had fallen and that the Germans had occupied Paris.

I would think of myself as somewhere between Shirer and the Sparrow. I must have been dimly aware of great and ominous events taking shape not too far away in the world. And yet I wanted to believe, like Sparrow, that the wonderful Paris we lived in, the wonderful lives we led as Herald staffers, that these were the only realities and would go on forever. I suppose that's why I was so shaken when Elliot Paul referred so matter-of-factly to "the next war."

Elliot was right, of course. The writing was indeed on the wall. And yet, in a sense, the Sparrow was also right. His world, as he saw it, was indestructible. It may not have seemed so, for a while, but it has survived and there it stands. Paris is as beautiful as ever, and the paper we all worked for and loved — well, most of the time, anyway — is also still there, reborn as the International Herald Tribune but as flourishing as ever in the grandeur of its 100th year.

This is the 27th in a series of messages about the IHT which will appear throughout the Centennial year.

# Wanted for State of Qatar

The Department of Civil Servants Affairs, Ministry of Finance & Petroleum, State of Qatar invite highly qualified candidates to fill the post of Horse Trainer, vacant in Youth Welfare Supreme Council.

Qualifications & Experience: At least 10 years experience in training horses, instructing in the field of horses and horse races, and will be capable to organize and supervise the horse races.

- He must be medically and physically fit for the job.
- Must be conversant with the horse races in the world.
- Must be fluent in speaking & writing English.

Note: Interested candidates may submit their applications in duplicate together with 4 passport size photographs, C.V., photo copies of Diploma/Degree and experience and relevant documents attested from the concerned authorities to:

**DIRECTOR OF CIVIL SERVANTS AFFAIRS  
MINISTRY OF FINANCE & PETROLEUM  
PO BOX NO. 36, DOHA-QATAR.**

Applications once received will neither be returned nor acknowledged.

ARTS / LEISURE

Master Drawings and the Aesthetic Vision of Ian Woodner

LONDON — It takes an exhibition such as "Master Drawings from the Woodner Collection," at the Royal Academy through Oct. 25, to remind us that drawings are the essence of two-dimensional art caught in its prime inspiration before it gets disciplined into careful compositions. Museum shows tell you about

schools, trends, crosscurrents. A collector's show gives you an aesthetic vision cutting across time and space. Ian Woodner's is fascinating.

An architect by training, a brilliantly successful real estate developer in everyday life, and a remarkable if barely known artist who wielded pencil and pastel many years ago, Woodner has an architect's sense of space, the draftsman's perception of the perfect stroke and, not least, the cash flow. This allows him to buy ceaselessly. His latest acquisitions at Christie's second Chatsworth sale in July, Raphael's study of a Quirinal mar-

bought by Woodner at Christie's in 1982 for £32,400, is astonishing. So are some of the German School works shrouded in complete anonymity. One of the most forceful drawings is a page from a model book intended to guide miniature painters illuminating Gothic manuscripts around 1340. There is even some uncertainty concerning its exact provenance, Austria or Prague, the catalogue suggests while noting that strong French influence has been detected although striking English-looking details are to be noted.

Anonymity plagues many later works. One of the great pieces — undoubtedly Southern German — at the Royal Academy is a knight in armor seen standing three-quarters back. It is meticulously executed in black pen, pinkish brown and white as if intended to be engraved in color like some of Dürer's work. Its manneristic and cruel style is very idiosyncratic, and yet no name can be pinned down to it. A study in the Albertina that is probably from the same hand is called Tyrolean while Woodner's drawing is described as Swabian. The game is open to further contestants.

To Woodner's indifference to labels we owe the inclusion of an admirable and highly unusual work. This is a bird's-eye view of a cluster of thatched houses standing on a broad sandy avenue in the midst of leafy trees with almond green leaves. It reminds one of some plans printed in the late 15th century in Nuremberg. The catalogue notes that the "drawing should perhaps not technically be classified as a pure landscape. The bird's-eye perspective is more closely allied to cartographic or topographical tradition." No museum would allow it to be displayed side by side with the master drawings on view at the Royal Academy. It is the collector's privilege to spurn artificial boundaries enforced in the name of art historical pedagogy.

It is also his merit to perceive hidden affinities that mean more to the viewer than who made what. Recurring visual themes can be perceived in the show. Although not spelled out in writing, they give the visitor a feeling of being led through the secret paths of art. There is a certain type of landscape that somehow seems inhabited by an invisible presence. The "Town on a Hill" which is more like a cluster of houses ascending an uneven rocky eminence, is one of them. Lightly done in pen and brown wash, it is ascribed to the "Circle of Titian" — as if it mattered. A so-called "Mountainous landscape" by Roelandt Savery, which is the nearest that Western art ever got to Chinese Ming landscape painting, also belongs to that category. Tiny mysterious castles crowning mountain peaks give it a fairy tale atmosphere. Even purely



Raphael's study of a Quirinal marble horse.



Melchior Lorich's "Four Women of Hamburg."

natural landscapes, such as the huge beech tree overlooking a river bed in the distance by Lucas van Uden, seem to be throbbing with hidden life. Woodner also appears to have been highly receptive to a sense of suspended drama shared by some of the most diverse drawings. A study of "Four Women of Hamburg" by Melchior Lorich has the appearance of some ritual presen-



Matisse's "Seated Woman," drawn in 1944.

tation. The four tall figures fill the space against a background of abstract hatching and cross hatching. One woman at the far left is turned sideways, the third one from the left turns her back to the viewer, while the other two face him as in some strange ballet.

The animals themselves can convey an impression of imminent action. "The Horse beneath a Tree" inspired by Dürer and attributed to Hans Hoffman could not be more like an expressive human. The furry figure fills the sheet, ears pointed forward, whiskers curving down, one eye fixing the viewer, the other oddly looking left.

A definite penchant for the fantastic in understated form comes out here as it does in some architectural drawings and landscapes, as well as seascapes. Piranesi's "View of the Pantheon in Rome," sketched in quick nervous strokes, has a vibrating quality that gives the huge classical structure a slightly nightmarish feel. No drawing is quite so striking however as Odilon

Rodon's "La Barque Mystique," a big boat with cobalt blue hull and a golden sail tossed on a turquoise green sea. It fills the space as white foam sparkles underneath and salmon blotches burst around the boat. This is one of Rodon's masterpiece, bought by Woodner at Christie's in December 1983 for £118,800 — adding one more to one of the largest private holdings of the French Symbolist painter's oeuvre. It is as beautiful in its way, and as weird, as Cézanne's "Stopping Trees," leaning in opposite directions as if about to fly off.

Here lies the most remarkable aspect of the collection. Woodner's hoard includes as many outstanding works in the 19th- and 20th-century schools, proportionate to their numbers, as it does in the early periods. A self-portrait in Degas's precise almost academic manner predating Impressionism is one of the great portraits done in France at that time, around 1855-60. Matisse's "Seated Woman," acquired from Stanley Moss in New York, is a masterpiece of 20th-century art

and it is the standing figure of a young woman, Mateo Fernández de Soto, painted in Barcelona, the only one of his all figures. The Matisse, however, though dated 1940, belongs to the great European tradition of studies of the human figure that go back to the Renaissance. The woman's face, lost in shadow, has an inner sadness, as does the portrait, handled in that aloof manner that Woodner seems particularly attracted to. As one reaches the end of the exhibition, one's mind is struck by the consistency of the aesthetic vision that is projected in this show — one of mystery, of concealed inner feelings, devoid of agenda, conveyed with a composure that sums it up as aristocratic.

The collection, not surprisingly, reflects the collector — an old friend from a Minneapolis family, over 80, who watches you with a kindly smile, his head turned three-quarters, slightly tilted, like the characters in his favorite drawings.

Dining Out section with restaurant listings: FRANKFURT, TSE YANG, PARIS 2nd, KITTY O'SHEA'S PUB, JOHN JAMESON, MELIFERE, RAFFAÏN & HONORINE, PARIS 7th, PARIS 8th, LE JARDIN VIOLET, LE CHAMBERLANE, PRUNIER TRAKTIR, LE PRESBOURG, LE BOUDDHA D'OR.

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A Critic's Notebook: Thinking the Unthinkable

By Bernard Holland. NEW YORK — I took some time off and went to Europe this spring, and let me tell you, when the train pulled into Milan, I made a beeline for La Scala. What an opera house. I sat at the bar across the street and looked at it for hours. There's so much music it comes out and hits you in the face. On the way to dinner in Lucca, a tenor upstairs on one of those winding little streets was singing "Una furtiva lagrima." I wish I hadn't been so hungry or I'd have stayed and listened.

And what about the Festwochen in Vienna — all those swell concerts and operas. I was with friends all the way out in Hietzing; and if I'd been able to figure out the streetcars, I bet I would have gone to a lot of them. Someone did offer to drive me to an organ recital, but we stopped off for a glass of wine, and one thing led to another. You probably think I don't like listening to music. I must admit there are times I don't go knocking on its door, indeed, when the threat of an impending masterpiece sends me running into the street for safety. Maybe it's a sin for someone in my business to say he can leave Beethoven alone. On the other hand, Beethoven every so often might be glad if we did.

Even when the elements are benign, you still can't hear. The loud-speaker systems may be the state of the art, but on strictly musical terms they are lousy. I doubt that these free concerts win substantial converts from the ranks of the uninitiated, especially when Puccini and Mozart are represented in this shrill, blasted form. May these enterprises prosper (which they seem to do) as long as they realize how little they have to do with music. For if music were the prime concern, its presenters would put a roof over its head and give it a chance to survive. To wish the best for music is to provide it an optimal environment, not to subject it to hazard and abuse.

INTERNATIONAL ART EXHIBITIONS VALLAURIS. ATELIER SASSI-MELICI. 65 bis, Ave. Georges-Clemenceau, 06220 Vallauris. Tel.: 93.64.65.71.

ANDRÉ BRASILIER. Paintings & ceramics. July 18th - September 15th, 1987.

PARIS GALERIE MERMOZ. PRE-COLUMBIAN ART. 6, Rue Jean-Mermoz, 75008 PARIS. Tel.: 43.59.82.44.

ASSOCIATION POUR LA PROMOTION DES ARTS MORANDI. Paintings - Works on paper. June 12 - August 20, 1987. Salle St. Jean - Tel.: 42.78.51.53 - Hôtel de Ville de Paris.

MUSÉE RODIN. MERKADO Centre Bi-Centre. "ART EXHIBITIONS" "ANTIQUES" "AUCTION SALES" appear on SATURDAY. 77 rue de Valenciennes, 75° - 10° Varenne. in the gardens of the museum. Daily, except Tuesday, from 10 a.m. to 5:45 p.m. From July 1st to September 12.

Scholar Arrested in Stolen Letters Case

BOSTON — An art scholar was arrested for allegedly trying to sell a bookstore stolen letters by Abraham Lincoln, Winston Churchill and Abner Doubleday, along with other rare documents. Federal agents in Boston arrested the Washington-based scholar Charles Merrill Mount, 59, author of several biographies of artists, at a bookstore while Mount was allegedly attempting to sell the letters. The store had alerted agents last week when Mount allegedly tried to sell three Lincoln documents, the FBI said. With the arrest came a cache of

40 to 50 historic documents. The papers were stolen from the Library of Congress and the National Archives in Washington, said William A. Ahearn, special agent in charge of the Boston office of the FBI. In one letter, on an "Executive Mansion" letterhead and dated Sept. 20, 1862, Lincoln wrote in longhand to Major General Halleck about the movement of troops in West Virginia. Mount was charged with transporting stolen property across state lines. The charge involved 23 letters from the 19th-century painter James Abbott McNeill Whistler, one letter from Winston Churchill and one by Henry James, which Mount sold to the bookstore on July 23 for \$20,000, according to court papers filed by the FBI. The charge also listed two letters bearing Lincoln's signature. Mount faces a maximum sentence of 10 years in prison and a \$10,000 fine if convicted. The Whistler letters were stolen sometime in June or July from the Library of Congress, said David Wigdor, a manuscripts official at the library. Most of the other documents were stolen from the National Archives, Ahearn said. Most of the documents date

from the Civil War and include letters between generals in the field and top officials in Lincoln's Cabinet, including Secretary of War Edwin Stanton and General Ulysses S. Grant. Records at the National Archives indicate Mount has visited regularly since 1984 and as recently as Tuesday, two days before his arrest, said Jill Brett, archive spokeswoman. Mount has published biographies of the painters Gilbert Stuart, John Singer Sargent and Claude Monet. His most recent work listed at the Boston Public Library was the Monet biography in 1967.

DOONESBURY comic strip panels with dialogue: BOOPSE? HUNK'S HOME? IT'S ME, SILLY! LISTEN, WHAT ARE WE SUPPOSED TO WEAR? TO THE... OH-OH! HUNK'S WANTING BACK IN! GREAT! YOU GOT I BETTER ASTRALLY PROJECT! NO, I'M NOT TRANCED. I BETTER ASTRALLY PROJECT! ASTRALLY WHO?... BOOPSE? BOOPSE? SHARK! COULD SOMEONE OPEN THE SKYLIGHT, PLEASE?

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# mauritius

## Festival International de la Mer

### Starring the Shores of Mauritius in Tribute to the Sea

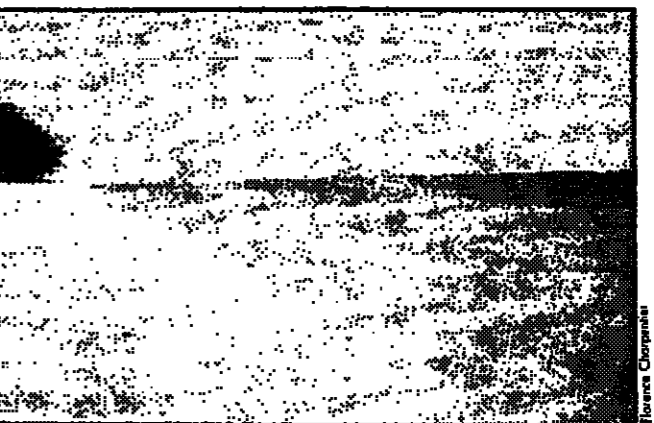
#### International Ocean Festival

Captain Cook's voyages of discovery took him around the world and across the Indian Ocean to a coral-fringed island called Mauritius. Following in his wake, William Bligh, lieutenant in command of the *Bounty*, set sail for the South Seas in December 1787. Both events will feature in the two months of festivity due to begin in Port Louis, the island's capital, on the 4th of September. But the International Ocean Festival is a celebration of the present as much as the past. Its underlying theme — "the sea that unites us" — captures the confidence of an island in its elements.

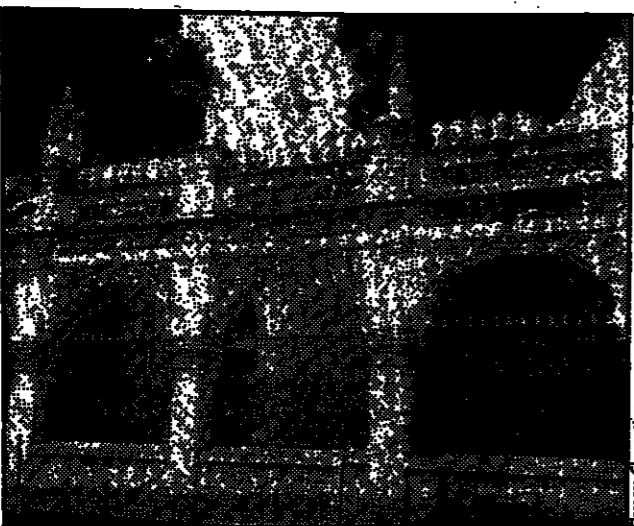
Legends still speak of the boats that carried our ancestors across the sea. Since then, Mauritius has been visited and re-visited by ships from Asia, Africa and Europe. The island, which was discovered by the Portuguese in 1511, is steeped in history and draws its rich cultural inheritance from all four corners of the earth.



Central market in Port Louis.



The beach at Pereybere.



Traditional architecture at the Rue Royale.

FROM September until November, over a dozen countries will help to make the International Ocean Festival an unforgettable event. They include Japan (24-27 September), Britain (28 September to 4 October), South Korea (3-6 October), Pakistan (3-7 October), Egypt (7-10 October), United States (12-18 October), Soviet Union (10-25 October), Australia (27 October to 5 November) and China (1-3 October).

As the guests fly in from five continents, their feelings may echo those of other travellers in earlier times. Like the great seaman who wrote of "the expanse, the enormity that first strikes man's senses when faced with the ocean..." and added "... we have succeeded in making it shrink by sailing faster and faster."

Mark Twain's sentiments. "God took one look at Mauritius and then used it as a model for paradise."

From the spectacular Rocher de la Riviere to the striking landscape around Chamarel, the island is a pageant of color. With its golden beaches and clear blue sea, this small, volcanic landmass is as diverse as the people that have made it their home.

Bathe off the beach of Tamarin in the shadow of the Black River Mountain, or at Pereybere between Grand Baie and Cap Malheureux. At Choisy there are facilities for sailing and water-skiing. Further along the coast, Grand Gaube is an ideal spot for fishing.

Alternatively, windsurf across the sheltered waters of a lagoon or join the more experienced surfers as they brave the open seas beyond the reef. Connoisseurs will also add skin diving, yachting and big game fishing to the list of pleasures that paradise provides.

The World Hobie 14 championships at Trou aux Biches (23-30 September), the International Big-Game Fishing Competition at Riviere Noire (18-25 October) and the National Swimming Gala in Beau Bassin. Above all else, the International Ocean Festival is a celebration of the sea and its many varied forms.

A party of three hundred visitors from India, including two cabinet ministers, will form the largest delegation. The sub-continent's links with Mauritius will be graphically portrayed by an exhibition that traces the course of Indian marine history. A team of marine biologists, led by S.Z. Qasim, will join in a series of seminars on the sea and its environment and R.V. Sagar Kanyar, one of the most modern oceanographic research vessels in the world, is also scheduled to visit the island.

The arts are represented by an array of entertainment that will be coordinated by Professor Soncaakke, a former director of the MELA in Paris. He is responsible for bringing two of the famous Ghazal singers — Jagjit and Chitra Singh — to perform at La Citadelle.

France has helped to renovate this historic fortress which will form an atmospheric background for son et lumiere as well as provide the stage for other shows throughout the festival. Mr. F. Léopard, the French Minister of Culture and Mr. Michel Auillac, the Minister of Cooperation, head their country's official delegation, while Catherine Demeuve, Gérard Depardieu and Yves Montand are expected for the French film festival. In the field of song, France will be represented by Karim Kacel and his

musicians. Professor Alain Bombard will discuss the sea and its environment, and both France and India will be staging fashion shows on the island.

From Britain, the Duke and Duchess of York will be arriving to open a ten-day extravaganza during which the Crown Jewels will be on display; one of the few occasions that these priceless gems have travelled so far afield from their home in the Tower of London. Other entertainment includes a

chance to see the musical *Jesus Christ Superstar* and cultural activities organized by the British Council.

Among the other highlights, there will be songs and handicraft from Pakistan, the South Korean trade fair and a troupe of musicians and dancers from Egypt. Along with others, the American delegation will be lending its expertise to an Arts and Science Committee headed by the Vice-Chancellor of the University of Mauritius.

The first voyages of exploration, the small ships that sailed from England to Australia, the

romance and reality of the sea... these stories will all be re-told at the International Sea Festival. From Australia, a flotilla of ships will sail into Mauritian territorial waters on 23 October. Their flagship, constructed from plans found in the archives of the British Admiralty, is a perfect replica of the original HMS *Bounty*. But this time there will be no mutiny. Instead of bread-fruit plants, the crew have packed snorkeling and diving equipment, sailboards and fishing gear. Why not join them in Mauritius for the Festival of the Ocean?

A brilliant pageant is already planned for the opening of the International Ocean Festival in Port Louis harbor. By capturing the color and contrast of Mauritius' multifaceted culture it should provide a spectacle to rival the carnival in Rio. "That is our dream," says the Deputy Prime Minister Sir Gaetan Duval.

### The World's Best-Kept Secret

QUEEN Victoria would not have been amused; aware of the island's existence, she assumed it was in the West Indies. Darwin was drawn to its shores in his quest for the origin of the species. Nicholas Pike, newly appointed consul, searched for details of the island in vain.

Over a century later, Mauritius is as intriguing as ever. Despite the services of a dozen international airlines it remains an unspoiled tropical paradise, free from chaos and crowds — a place where the nearest thing to an oil slick is an empty bottle of Ambre Solaire, and the only line across the beach is the horizon. To those who know and love her, Mauritius is a well-kept secret.

about of billiard balls till late and the loud laughter and gossiping of the servants, sleep was impossible. If this is a specimen of a first class hotel in Mauritius, Heaven bless those obliged to put up with the second and third class."

Today the Mauritian Association of Hoteliers and Restaurateurs (AHRIM) includes 32 hotels and 16 restaurants. From luxury hotels such as the Trou aux Biches, La Pirogue or Le Touessrok to small seaside resorts such as the Villa Caroline and Etoile de Mer, within a few years, four luxury hotels had been built and their immediate success soon attracted further foreign investment.

and most menus also offer venison, hare and wild boar as well as fresh tropical fruit. Nearly all the beach hotels provide amenities for tennis, golf, swimming, water-skiing, sailing, snorkeling and fishing. Divers can explore the rich variety of life in the water round the island; deep sea fishermen can enjoy the chase for blue and black marlin, wahoo, shark or tuna. Each evening the entertainment continues with live music, discotheques, a dance show or turn in the casino. Outside, there is always the quiet of the night and a sky full of stars to dream by.

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Mauritius has always welcomed the traveller to its shores. Its cosmopolitan blend of Indian, Asian, Chinese, African and European influences has produced a race of people that are unique, unforgettable and a joy to know. Furthermore, over 90 percent of them are bilingual.

**Hotels Members of AHRIM:**

Arc en Ciel, Auberge du Petit Cerf, Auberge Ile de France, Beachcomber Club, Belle Mare Plage, Blue Lagoon, Casuarina Village Vacances, Centre de Pêche, Charivari, Compagnie des Océanides, Continental, El Monarca, Etoile de Mer, Gold Crest, Hibiscus Village Vacances, La Pirogue, La Croix du Sud, Le Kestrel, Le Saint Geron, Le Touessrok, Les Hôtels de Mer, Marville, Pearl Beach Sunset, P.M. Amr, Royal Palm, Riverside, Rivière Noire Hotel, Shangai, Tamarin, Trou-aux-Biches, Villa Caroline, Villa Pointe aux Roches.

**Restaurant Members of AHRIM:**

Au Gourmet, Blue Mauritius, Carré Paulé, Dragon d'Or (Les Min), Ile aux Cerfs, La Bonne Marille, La Fleur Lilié, La Méditerranée, La Patinoire, Light, Mandarine, Nobby's Steak House, Solitude, Tropicana.

**A.H.R.I.M.** association des hôteliers et restaurateurs de maurice

**Hotels**

1. Arc en Ciel
2. Auberge du Petit Cerf
3. Auberge Ile de France
4. Beachcomber Club
5. Belle Mare Plage
6. Blue Lagoon (C/O Poupard & Co)
7. Casuarina Village Vacances
8. Centre de Pêche
9. Charivari
10. Compagnie des Océanides
11. Continental
12. El Monarca
13. Etoile de Mer
14. Gold Crest
15. Hibiscus Village Vacances
16. La Croix du Sud
17. La Pirogue
18. La Patinoire
19. Le Kestrel
20. Les Hôtels du monde
21. Le Saint Geron
22. Le Touessrok
23. Pearl Beach Sunset
24. P.M. Amr
25. Royal Palm
26. Riverside
27. Rivière Noire Hotel
28. Shangai
29. Tamarin
30. Trou-aux-Biches
31. Villa Caroline
32. Villa Pointe aux Roches

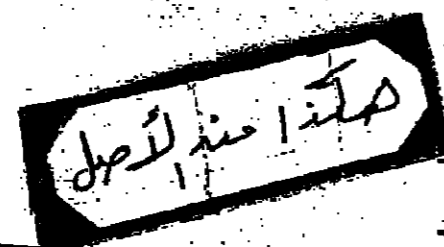
**Restaurants**

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35. Carré Paulé
36. Dragon d'Or (Les Min)
37. Ile aux Cerfs
38. La Bonne Marille
39. La Fleur Lilié
40. La Méditerranée
41. La Patinoire
42. Light
43. Mandarine
44. Nobby's Steak House
45. Solitude
46. Tropicana
47. Route du Jardin, Curepipe
48. Rive-bleue
49. Dukes of Edinburgh St. Louis
50. St. W. Newton St. Louis
51. Trou d'eau Douce
52. St. Jean Road, Curepipe
53. St. W. Newton St. Louis
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55. Trou d'eau Douce
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Table listing various market statistics such as AMEX prices, NYSE prices, and interest rates.



ECONOMIC SCENE

U.S. Corporate Wisdom: If You Can't Beat 'em, Quit

By LESTER C. THURLOW

LOS ANGELES — Every country has a comparative advantage — the thing it does best. The problem is to figure out where one's comparative advantage lies. So among all the things that America does, what does it do best? The answer is very simple. What American companies do best is go out of business. No one in the world goes out of business faster, with less cost, or with less regret than U.S. companies.

Recently I was talking with some consultants in strategic planning, firm about situations in which Japanese, European and American companies find themselves in an industry with excess capacity. The planners said that they always tell their American clients to go out of business. The Japanese mind-set, however, is against abandoning an industry. Japanese companies are willing to listen only to strategies for conquering an industry. In the game of economics, the Japanese know only how to play offense.

The Europeans also are uninterested in strategies for going out of business. They remind their consultants that their government regulations require them to hold on to their employees so long and make it so difficult to fire anyone or to close down a facility that it is simply too expensive to go out of business.

No matter how much money they are losing in the industry, they would lose more if they left it. They are interested in advice only about holding onto existing market share. If necessary, the Europeans are willing to play defense forever in economics. Given this reality — the Japanese won't leave, the Europeans can't leave — the consulting firm reports its intelligence to its U.S. clients and recommends that they promptly abandon the industry. With offensive and defensive positions already taken, there is no room for American players. Usually this advice is taken without grumbling.

If you wished to design an economy that specialized in going out of business, you could not have designed a better one than the U.S. economy. America is the only country in the world where labor is genuinely a variable cost. Workers can be fired instantly with no severance pay. In fact, no large payments have to be made to labor if you want to get out of a business.

ON the capital side, demands for high rates of return on investment mean that U.S. companies fall below their capital hurdle rates before foreign companies do. In other words, Americans will quit investing in new facilities while the Europeans and Japanese still are investing. This leaves Americans with older, more fully depreciated capital equipment. The result is fewer unrecovered capital costs when one abandons a production facility. The capital costs of leaving an industry are usually much lower for Americans.

Mergers, leveraged buyouts and hostile takeovers mean there is a ready market for getting out of business. Industrial fire sales are common and the necessary markets are well-developed. In fact, if Americans do not get out of a business on their own, they are likely to be taken over by those who specialize in throwing companies out of business. If the takeover artists throw your company out of a business before you do, however, they are apt to throw you out with the business. "Get out before you are thrown out" might be the motto of American managers.

In the United States, to go out of business is not the end of the line in one's career as it usually is abroad. A bright new future awaits. Using hostile takeovers, you can always imagine going into exciting new businesses. Even better, you can become a hostile takeover specialist with no intention of ever running anything for long.

If you join the financial wrecking industry, you are joining America's most profitable industry. In what other country does See SCENE, Page 11.

U.K. Firm May Bid For Stores

Mountleigh Aims At Conran Chain

LONDON — Mountleigh Group PLC, a property company, said Friday that it was considering bidding for Storehouse PLC, Sir Terence Conran's retail chain, which has been at the center of takeover speculation.

Storehouse replied that "any offer would be unwelcome, opportunistic and wholly lacking in commercial logic."

It said it had not received a formal approach from Mountleigh and asked Mountleigh to clarify its intentions.

Mountleigh said its plans were at a "very early stage."

Mountleigh's financial adviser, Phillips & Drew, said the company was interested in buying Storehouse to sell off its pieces for a profit.

Storehouse operates about 900 stores in the United States and Europe that sell stylish furniture, houseware and clothes. The stores operate under the names of British Home Stores, Habitat, Mothercare and Conran's.

Mountleigh said it was pressured into making an announcement prematurely by the British Takeover Panel, which said that all interested parties had to declare their bid intentions.

"We feel a little hard done by being forced to be so candid," said James Hyslop, director of corporate finance at Phillips & Drew.

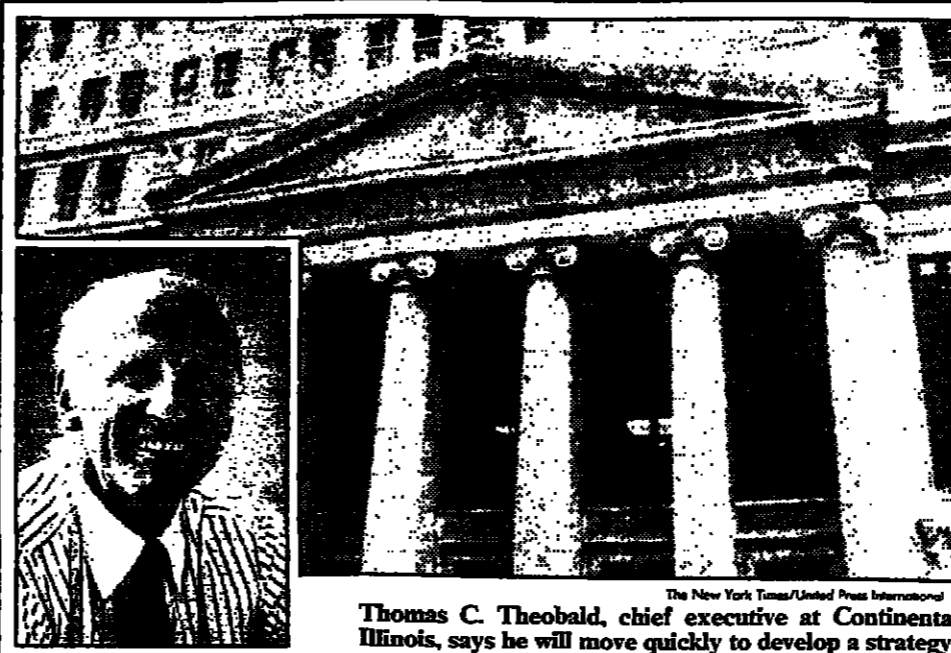
A bid for Storehouse has been expected after reports last month that competing British retailers had each acquired stakes of less than 5 percent in the company.

Market sources said at the time that the potential bidders included Woolworth Holdings PLC, Sears PLC and Burton Group PLC.

In a statement on Friday, Storehouse said, "The board will respond to any proposal if and when made, but wishes to reiterate that it believes shareholders' interests to be best served by the company retaining its independence."

The company urged shareholders not to sell their shares in the market.

Storehouse shares, which were trading at around 325 pence when speculation on a bid first emerged, closed Friday on the London Stock Exchange at 401 pence, up 37 pence on the day. Mountleigh was down 4 pence to 276 pence at the close.



Thomas C. Theobald, chief executive at Continental Illinois, says he will move quickly to develop a strategy.

Continental in Search of a Strategy

New Chairman Faces Tough Job to Turn Bank Around

By Robert A. Bennett  
CHICAGO — Thomas C. Theobald has a big job ahead of him.

In taking over as chairman and chief executive of Continental Illinois Corp., the former Citicorp vice chairman will be heading an organization that remains crippled three years after the U.S. government rescued it from the brink of collapse.

This presents Mr. Theobald with the opportunity to create a turnaround similar to the one achieved by Alfred Britain 3d at Bankers Trust Co. Bankers Trust was financially shaken in the mid-1970s yet today is one of the strongest and most profitable banks in the United States.

Some in the industry believe that Mr. Theobald may use a strategy similar to Mr. Britain's, narrowing Continental's focus and turning it into the equivalent of a merchant bank, which combines the activities of a commercial and investment bank.

In July 1984, the Federal Deposit Insurance Corp. poured \$5 billion into the bank when it nearly failed, largely because of huge problem loans to the energy business.

Three years later, the bank's earnings remain anemic. Had it not been for a slew of nonrecruiting factors, it would have reported a loss in 1986.

Meanwhile, Continental has shrunk dramatically, from a peak of \$47 billion in assets in 1981 to \$33.4 billion currently. From the sixth-largest U.S. bank holding company in 1981, Continental has fallen to 14th.

Mr. Theobald has declined to be interviewed since his appointment was announced July 27. And he has said little about his plans, except to tell Continental's employees that his first priority is to design a strategy and that he intends to move quickly.

Some analysts believe Mr. Theobald will try to keep Continental somewhat balanced, building a base of consumer deposits, serving middle-size companies in the Middle West and strengthening the bank's investment banking capabilities.

Others, however, predict he will take a more radical course along the lines of the strategy Mr. Britain fashioned at Bankers Trust, focusing almost exclusively on providing sophisticated services for major corporations and governments around the globe. He would strip the bank of activities that fail to fit snugly into that strategy. He would, for example, get rid of Continental's small consumer-banking business and deal only with those medium-size companies that could make use of the bank's investment banking services.

Such an approach would draw on the primary strengths of both Mr. Theobald and Continental. Despite its problems of recent years, Continental still does business with 40 percent of the largest U.S. companies, according to its annual report. And Mr. Theobald spent almost his entire 27-year career at Citicorp dealing with big companies.

In this way, Mr. Theobald would be turning what has been a negative factor into a positive one. See BANK, Page 13.

Dollar Lower On Wider U.S. Trade Deficit

NEW YORK — The dollar closed lower Friday in sometimes hectic trading in response to an unexpected widening in the U.S. merchandise trade deficit in June, dealers said.

After tumbling as much as two pence and two yen in early activity, however, the dollar pared its losses as participants scooped up "cheap dollars" on bargain hunting and technical-related buying, dealers said.

The trade figures also caused prices on the New York Stock Exchange to fall at the opening, but the market recovered somewhat after the government released positive figures on wholesale prices, industrial production and business sales.

The dollar traded as low as 1.8675 Deutsche marks, but recovered to close at 1.8785, still down more than a penny from 1.8893 on Thursday.

It was a similar story against the yen. The dollar traded down to 149.40 yen, before closing at 150.10, nearly 1.5 yen lower than Thursday's closing of 151.525.

The dollar also closed at 6.3765 French francs, down from 6.3095, and at 1.5610 Swiss francs, down from 1.5695.

The dollar was also lower against the British pound, which closed at \$1.5875, against \$1.5790 Thursday.

The widening in the June trade deficit to \$15.71 billion from \$14.04 billion the previous month far exceeded market expectations of a trade gap of around \$13 billion.

Participants had expected a narrowing deficit, in part because the June figures were revised to reflect previous underestimates of U.S. exports to Canada.

"When the figures first flashed, you could hear the jaws dropping around Wall Street," said Lawrence Ryan, senior vice president and manager for foreign exchange at European American Bank.

Dealers, in the words of one, were "flabbergasted" by the broadening of the trade figure.

They said that early trading was chaotic, with participants unloading dollar positions that had been taken on expectations of a trade improvement.

Consequently, the larger-than-expected rise in July in U.S. industrial output had little impact on the dollar, dealers said.

Nor did the slim rise in producer prices. See DOLLAR, Page 13.

U.S. Wholesale Prices, Output, Business Sales Up

WASHINGTON — The U.S. government issued a string of positive economic reports Friday that showed a modest increase in wholesale prices, a jump in industrial production and a healthy rise in business sales.

The data came in counterpoint to another report, starting to most analysts, that the merchandise trade deficit had widened in June to an apparent monthly record of \$15.7 billion.

Currency Rates

Table of currency rates for various countries including Amsterdam, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and others.

Table of other dollar values for currencies like Australian, Canadian, Hong Kong, etc.

Table of interest rates for various currencies and terms.

Table of Eurocurrency deposits for different currencies and maturities.

Table of key money rates for various financial instruments.

Table of Asian dollar deposits for different currencies and maturities.

Table of U.S. money market funds for various fund types.

Table of gold prices for various locations and currencies.

U.S. Spy Agencies' Do-It-Yourself Approach to Supercomputers

By David E. Sanger  
National Aeronautics and Space Administration and the Office of Naval Research.

LANHAM, Maryland — More than three decades ago, after struggling through pioneers, computer projects with names like Eniac, Crayac and even Maniac, the U.S. government gave up trying to build the world's fastest computers by itself. The expense and the technological hurdles convinced officials that private industry was better equipped to define the state of the art.

Now, frustrated by the reluctance of major computer makers to plunge into a new, risky computer technology, the Defense Department and U.S. intelligence agencies are spending tens of millions of dollars in a renewed, largely secret effort to build their own machines.

In a sprawling unmarked building in Washington, about 45 minutes from downtown Washington, the National Security Agency has assembled 40 of the top U.S. computer engineers at its new Supercomputing Research Center and hopes to recruit 60 more. Their task is to satiate the NSA's constant appetite for faster computers, the critical tools for everything from making and breaking codes to finding subtle changes in military sites photographed from spy satellites.

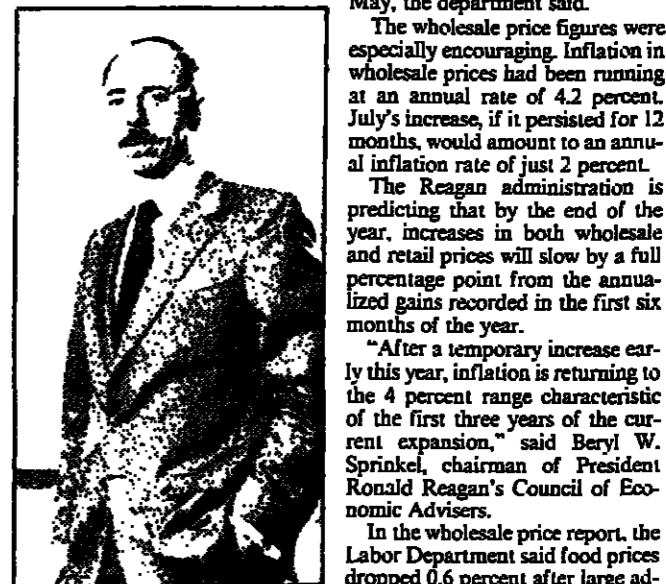
Ultimately, the center expects to build prototypes of highly specialized machines, a breed of supercomputers called parallel processors. Most experts believe these will eventually be able to outpace — by multiples of 10 or 100 — the fastest supercomputers now available.

"All that we are about here is speed," said Paul B. Schneek, director of the NSA research center, who previously spent two decades at the

in the industry. Executives of several leading manufacturers privately grudgingly enter the government has enough expertise to enter the tremendously expensive, complex world of supercomputer design.

For their part, government officials suggest that the U.S. computer industry has grown too averse to risks to try to achieve the great gains in computing speed that the military requires. Major manufacturers have favored smaller improvements that protect their investments in current technology.

Executives of several leading manufacturers question whether the government has enough expertise to enter the expensive, complex world of supercomputer design.



Paul B. Schneek, director of the National Security Agency's supercomputing research facility in Maryland, says, "All we are about here is speed." But he adds, "What we saw was that the industry's advances in computing speed were slowing."

It is too early to assess whether the NSA's do-it-yourself strategy will yield any fruit. But already there are reports that the research center is having some trouble attracting all the scientific expertise it needs. Computer entrepreneurs are reluctant to forgo the fortunes they might reap by starting their own companies. Many academics are wary of joining a project even partly enveloped in secrecy because the right to publish their research findings freely is important to them.

To counter such fears, the NSA has allowed the new research center to raise, at least partly, the curtain of secrecy.

Lately Mr. Schneek and others at the center have begun to talk in general terms about their plans at industry forums. They have answered reporters' questions. Last month the center began a new publication, the Journal of Supercomputing, edited by the center's deputy director.

See COMPUTERS, Page 11.

Probe at Bundesbank Pursues Possibility of Insider Trading

FRANKFURT — Police officials said Friday that papers seized last week from a senior secretary at West Germany's central bank may have uncovered a case of trading on inside information.

Police raided the office and home of a secretary to the Bundesbank president, Karl Otto Pöhl, on the suspicion that she had sold information to a fugitive currency broker believed to be involved in a multimillion dollar fraud at Volkswagen AG. An arrest warrant for the broker, Joachim Schmidt, was issued in May.

Carl Hermann Retemeyer, chief prosecutor for the state of Brunswick, which is investigating the VW case, declined to give details of the papers seized from the secretary.

Mr. Retemeyer said the secretary hadn't been arrested and had refused to be questioned until she had consulted a lawyer.

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Advertisement for HARRY WINSTON, featuring their latest creations and a selection of their rarest stones. Includes contact information for Carlton Inter-Continental Cannes.



Burlington to Sell Substantial Assets

WASHINGTON — Burlington Holdings Inc., organized by Morgan Stanley Group Inc. to acquire control of Burlington Industries Inc., said Friday that it planned to generate about \$900 million in after-tax profit in the next two years through sales of assets.

Thorn to Sell Stake In Video Venture To JVC, Thomson

TOKYO — Victor Co. of Japan, JVC, and Thomson-CSF of France plan to buy the one-third interest they do not already own in JVC Holdings, Europe's biggest videocassette recorder maker, JVC said Friday.

Fleet Aerospace Builds 21.5% Stake in Langly

WASHINGTON — Fleet Aerospace Corp. of Ontario said Friday it had accumulated 21.5 percent of Langly Corp.'s total stock outstanding for \$2.66 million and that it might seek control of the San Diego-based aerospace company.

GM Expects \$1 Billion Loss In Auto Parts, Memo Says

DETROIT — General Motors Corp. is projecting losses from its auto parts manufacturing operations of more than \$1 billion for the six-month period that began in April, a newspaper reported Friday.

2 U.S. Electric Companies Plan \$2.2 Billion Merger

LOS ANGELES — In one of the largest combinations so far of U.S. electric utilities, PacifiCorp and Utah Power & Light Co. have agreed to merge in a deal valued at up to \$2.2 billion.

COMPUTERS: U.S. Spy Agencies Building Their Own in Quest for Speed

(Continued from first finance page)
tor, Harlow Freitag, a former researcher at International Business Machines Corp.



An installation of supercomputers, the fastest such devices now available.

But the NSA's chief scientist, Soon he began to push for an agency-run institute to perform basic research into parallel processing, the technology that NSA officials believe has the best chance of meeting their needs.

For that reason, major computer makers have treated parallel machines coolly. "The fact is that there is a limited market for these machines," said a former executive of IBM's Federal Systems Division who asked not to be identified.

retical framework that will be used to solve problems using parallel processors. Another is developing operating systems and languages for programming the machines.

"We'll know we've succeeded if computer users in the Defense Department and intelligence agencies 'are clamoring to use our prototypes,'" Mr. Schneek said.

Fujitsu Backing Said to End for Fairchild Buyout

Los Angeles Times Service
SAN FRANCISCO — Fujitsu Ltd. has withdrawn its financial support for a management-led buyout of Fairchild Semiconductor, according to industry sources, increasing the likelihood that Fairchild will be sold to another buyer.

Allegis Repeats Objections to Pilots' Bid

CHICAGO — Allegis Corp., after a new approach by pilots of its United Airlines unit, repeated Friday its objections to the pilots' proposal to buy the carrier.

The pilots' five-month-old plan to buy United through an employee stock ownership plan received further credibility when they detailed plans for more financing, the analysts said.

Wolters, Rebutting Doubts, Says It Holds 50.9% of Kluwer

By Ronald van de Krol
Special to the Herald Tribune
AMSTERDAM — Wolters Samson Group NV, ending speculation about whether its approved offer for the Dutch publisher Kluwer NV had triumphed over a hostile bid by Elsevier NV, reaffirmed Friday that it had won a slim majority of Kluwer's ordinary shares.

change for the few remaining Kluwer shares. The activity raised the possibility that some investors had gone "short," and promised to tender shares that they did not yet own.

SCENE: U.S. Firms Win by Quitting

(Continued from first finance page)
the demolition industry pay more than the construction industry?
The system works beautifully. When the dollar went up from 1981-85, American companies quickly and easily withdrew from foreign markets and quickly ceded market share to their foreign competitors at home.

rise in the value of the yen or mark to eliminate trade imbalances. This reduces the effectiveness of the current system of flexible exchange rates. Rates have to change by such large amounts that they threaten to disrupt the world's trading system.

Advertisement for Indigo Investment S.A. featuring a logo and contact information for their office in Madrid, Spain.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 14th Aug. 1987

A large table listing various international funds with columns for fund names, currencies, and prices. Includes sub-sections for 'Other Funds' and 'Specialized Funds'.

But this means it takes a very big...

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Be sure that your fund is listed in this space only. Telex Matthew GREENE at 613595F for further information.



CURRENCY MARKETS

DOLLAR: Currency Lower on U.S. Trade Data

(Continued from first finance page) prices in July help market sentiment... The dollar eventually met support around the 1.8680 mark level...

London Dollar Rates table with columns for Country, Par, and Rate. Includes entries for Canada, France, Germany, etc.

Thursday and on the strong U.S. retail sales figures released Thursday... Sterling was largely sidelined Friday as attention focused on the dollar...

Pressure Grows For Realignment Of EMS Rates

FRANKFURT — The European Monetary System's joint currency float is showing renewed signs of tension that could lead to a major realignment within the next few months, analysts said Friday...

BANK: At Continental Illinois, New Chairman Faces Tough Rebuilding Job

(Continued from first finance page) The bank's earnings have been poor because of its traditional dependence on business from huge multinational corporations... When they do borrow from banks, it is at extremely low interest rates...

\$176 million. Further, in this year's second quarter Continental announced that it planned to spend \$21 million to buy two more small suburban banks... Continental also sold its London merchant bank just before the FDIC bailout...

Continental also sold its London merchant bank just before the FDIC bailout, partly to raise money and partly because it could not attract depositors... Mr. Swearingin said in an interview that costs remain high partly because of legal expenses from the 1984 collapse...

Mr. Swearingin said in an interview that costs remain high partly because of legal expenses from the 1984 collapse, which led to huge lawsuits against the bank... Continental also sold its London merchant bank just before the FDIC bailout...

The bank's earnings are being hurt, in part, because it sold off profitable businesses to raise cash before the FDIC rescue.

is an expensive way to get into the consumer business, said Eileen M. Friars, who heads the financial services division of MAC Group...

TRADE: U.S. Deficit Balloons to \$15.71 Billion, in Shock to Administration

(Continued from Page 1) \$36.84 billion, from \$34.82 billion the month before... Exports, also increased, but more modestly — to \$21.13 billion from \$20.78 billion in May...

A 0.8 percent rise in U.S. industrial output, reported Friday, and a gain of 70,000 manufacturing jobs, reported last week, seemed to point to a continued rebound in the U.S. industrial sector...

Commerce Department officials said earlier this week that they would start using Canadian figures on shipments from the United States into Canada, asserting that they were more reliable than U.S. figures...

Some analysts said the unexpected trade deterioration may be a sign that the U.S. economy now reaped the benefits of the dollar's two-year decline, and that more dollar depreciation is needed in order to narrow the trade deficit...

New York Stock Exchange Listings, Volume Set Records in First Half

NEW YORK — The New York Stock Exchange said Friday that a record 72 companies started listing their stock on the exchange in the first half of 1987, bringing the number of listed companies to 1,613... At the end of June, the exchange said, 65.3 billion shares of stock with a value of more than \$2.7 trillion were available for trading on the exchange...

On the plus side, thanks to the FDIC's infusion of funds, Continental has a fairly strong capital base that will give Mr. Theobald flexibility in any possible restructuring... Stockholders' equity stood at \$1.7 billion at the end of the second quarter, or 4.69 percent of total assets...

Everyone was taking sides, there was no corporate pride, said Joan Goodman, the analyst at Pershing & Co. "If Tom Theobald could bring a team spirit to Continental, he'll have it in the bag."

Friday's OTC Prices NASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Large table of stock market data including columns for 12 Month High/Low, Div. Yld., and various stock symbols and prices.



SPORTS

The Battling Yankees: Nary a Good Word Yet From the Man at the Top

By Michael Martinez

New York Times Service NEW YORK — Lou Piniella's job appears safe — at least for today — but George Steinbrenner, who will ultimately decide the fate of the embattled Yankee manager, is offering neither a guarantee nor a prediction of the immediate future.

"I can't tell you what's going to happen because I don't know what will happen myself," Steinbrenner, the team's owner, said by telephone Thursday from Saratoga Springs, New York. "But I will say this: I don't like losing, and I won't let my team fall out of it."

Steinbrenner refused to address the conditions under which he might dismiss Piniella, but if the team slips too far back — perhaps by as few as four games — the owner would probably move swiftly toward a change.

Piniella and the Yankees returned home early Thursday from a trip in which they lost eight of 10 games and fell from first place to third in the American League East.

Steinbrenner said he was willing to resume speaking with Piniella, Steinbrenner said: "Sure, but I'm not reaching out to call him. To this day, I have not heard one word from Lou Piniella. I'm still waiting for an explanation, but I haven't heard so much as a peep."

"I am more disappointed than angry. He says he's hurt. Well, I'm more hurt," Steinbrenner said. "I'm not reaching out to call him. To this day, I have not heard one word from Lou Piniella. I'm still waiting for an explanation, but I haven't heard so much as a peep."

Steinbrenner said his feelings over the incident would not be the reason he dismissed Piniella, if that is the course he eventually takes.

"If I were going to do it as punishment," he said, "I would have done it a month ago."

Steinbrenner also remains clearly perturbed over players' actions after his long statement last Saturday in Cleveland in which he said Piniella had called Mark Salas a "bum" and had charged that Ricky Henderson was faking an injury.

duct a public battle that has festered for more than a week. Steinbrenner has still not forgiven nor forgotten. He said Thursday that he remained "disappointed, but not angry" at Piniella for failing to be in his Cleveland hotel room to receive a phone call about a player move.

He said he was still waiting to hear the manager's explanation for his failure either to take the call or to return two messages from the owner.

Team sources said the owner had sent word to Piniella, in the form of a letter, that he was waiting for an apology and a reasonable explanation.

Asked whether he was willing to resume speaking with Piniella, Steinbrenner said: "Sure, but I'm not reaching out to call him. To this day, I have not heard one word from Lou Piniella. I'm still waiting for an explanation, but I haven't heard so much as a peep."

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Several players burned a copy of the statement, and Don Mattingly, after reading that the owner intended to step back from the daily operation of the team, said, "We like that."

"When they said that, it was like throwing down the gauntlet," Steinbrenner said. "To tell the owner to butt out? The guy who signs their paychecks? O.K., I say that your money whenever you want it. Prove it. Instead, they go out and blow four straight games."

Steinbrenner said he did not believe injuries were a legitimate excuse.

"Don't put it on injuries," he said. "We're just not playing like a baseball team. We're not playing well. Injuries have hurt, but you've got to be able to play with them. You've got to bear up."

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NOW YOU SEE IT — The Brewers' Rob Deer steals second as Cal Ripken Jr. of the Orioles loses a throw from the plate.

VANTAGE POINT/George Vecsey Lewis: A Hit Single, but No World Record

New York Times Service

INDIANAPOLIS — He was going to be as big as Michael Jackson, according to his manager, but the boom in the collection on that gold-medal night in 1984 squashed that goal faster than you could say "Victory Tour."

To be sure, Carl Lewis said 500,000 copies of his single record, "Break It Up," in Europe this year, but to most Americans he is merely the last two words of the question, "What ever became of...?"

Only those persistent souls who follow the bouncing decimal points of track and field know that Carl Lewis is still just about as big as Carl Lewis, which is no small matter.

He materialized Thursday in Indianapolis in a slightly fluffy cream-colored long-sleeved shirt, khaki pants and a wide leather belt with an animal's tooth hanging from the belt for decoration — a three-piece suit for Carl Lewis.

He has not been going out of his way to give interviews since 1984, when much of the American press made a very big thing out of his taking only two long jumps on the night he won his gold medal, and waving a flag that seemed to fly into his hands much too conveniently, and posing for copyrighted photographs with a gold medal in his hand before he won anything.

"I think we've all matured," Lewis said Thursday. "I know I went out to the Olympics to achieve gold medals and other people went to achieve stories. Everyone lives their lives. I don't feel anyone's out to get anyone."

Lewis, who will compete in the long jump and the 400-meter relay on Sunday afternoon, is 26 and has been a world-class competitor for nearly 10 years, with no end in sight. He is unbeaten in his last 50 long-jump competitions.

He talked Thursday about competing a year or two beyond the Games in Seoul, South Korea, next year. Not too many sprinters and leapers manage to keep their hamstrings limber in three different decades.

With the help of some arthroscopic surgery on his knee last summer, Lewis has survived long enough to charm away some of the bad raps and talk about trying for the gold in the 1,600-meter relay in Seoul, too.

That would be on top of his long jump, 100- and 200-meter sprints and 400-meter relay gold medals in 1984, trying him with Jesse Owens for the most golds by one track and field athlete.

His first full album remains unissued in the studio while Lewis prepares for Sunday and the world championships in Rome at the end of the month. All that is missing is a world record.

His best event is the long jump, which happens to be one of the most spectacular records in all of sports, the 29 feet, 2 1/2 inches Bob Beamon jumped in the rarified air of Mexico City in 1968.

Lewis has jumped 28-10 1/2, and as far as he is concerned, he jumped 30 feet one day in Indianapolis in 1982, but a judge insisted he had seen Lewis's toe extend past the foul line, even though no spike mark or scuff could be found.

He passed up four chances to go for the record that night in August 1984. He had the gold medal with his first jump of 28-1/2 and fouled on his second, so he pulled on his warm-ups and watched the others fall short, while he saved himself for his fourth gold medal, in the 200.

Fans who had paid as much as \$50 to watch Lewis jump for the footstaps of Bob Beamon boomed from the stands, costing Lewis considerable money and considerable reputation.

"People in the stands said they didn't get their money's worth, and I could understand that," Lewis said, "but I didn't take the extra jumps because my legs were healthy."

His letdown in 1985 was understandable, and he injured his knee last year, but he said his attitude is better now, despite the death of his father this spring. An athlete and coach, Bill Lewis had been a rock for his three sons and one daughter.

"Since last November and December, most of the time I didn't even talk about it," he said. "Carol has had a very difficult time recovering. I am using everything as an inspiration. But it has been difficult. It has been difficult."

He said his body and his psyche were fine as he prepared to give Beamon another challenge.

And who knows? Given Carl Lewis's perseverance, the time is coming when Michael Jackson, wherever he is, just might dreamday of being the next Carl Lewis.

Tigers Down Royals As Morris Finds Control of Pitches

Compiled by Our Staff From Dispatches

KANSAS CITY, Missouri — The Kansas City Royals didn't have much of a chance to extend their four-game winning streak once Jack Morris found out he was in control of all of his pitches.

"I just felt like if I kept throwing good I would win," Morris said after he pitched a five-hitter and struck out 11 as the Detroit Tigers beat the Royals, 4-1, Thursday night.

"It's the first time in a long time that I've thrown all four of my pitches and had a pretty good idea of where they were going," he said. "It was just a good night for me."

Morris, who walked only one, retired 16 consecutive batters from the second to the seventh inning. He gave up a solo homer to Jim Esarech in the eighth, then retired the Royals in order in the ninth to pull the Tigers within a half-game of first place Toronto in the American League East.

"He'll win a lot the rest of this year," the Tigers' manager, Sparky Anderson, said of Morris. "Watch his numbers the rest of the year. You'll be impressed."

Anderson said pulling closer to the Blue Jays means little because the two teams play seven times in the last 11 games, including a season-ending three-game series at Tiger Stadium.

"We've got seven games with them," Anderson said. "So either one of us is going to be ahead of the other a little here and there, and both will have a shot. No matter what happens here, it's going to come down to that."

Pat Sheridan, who had three hits, including an RBI triple, said the Tigers had focused recently on the New York Yankees, whom Detroit beat in three out of four games last weekend. Now that the Tigers have completed the season series with New York, the focus is changing to Toronto.

"Everybody has been talking about the Yankees, but I've felt all along it could come down to that last week between us and Toronto," Sheridan said.

Angels 5, Twins 1: In Minneapolis, Mike Witt collected his 14th victory and Dick Schofield went 3 for 4, carrying a Cincinnati. The Twins stranded 10 baserunners in the first six innings.

White Sox 10, Blue Jays 3: In Toronto, Donnie Hill came off the disabled list and smacked a three-run homer, and Fred Manrique and Gary Redus added home runs in the first seven games of an 11-game road trip, trailed 2-0 entering the eighth.

Padres 5, Brewers 3: In San Diego, Chris Brown hit a three-run double to tie the score 3-3 and then scored the go-ahead run on Garry Templeton's double to highlight a five-run sixth inning against Atlanta.

Reds 5, Dodgers 2: In Los Angeles, pinch hitter Tracy Jones singled home two runs to highlight Cincinnati's five-run eighth inning. The Reds, who had lost six of the first seven games of an 11-game road trip, trailed 2-0 entering the eighth.

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Day Game Set For World Series

Washington Post Service

WASHINGTON — In a return to tradition, a World Series game is scheduled to be played during the day in the fall classic, Baseball Commissioner Peter Ueberroth announced Thursday.

If Game 6 of the Series is necessary, it will start at 4 P.M., Eastern daylight time, on Saturday, Oct. 24, in the American League city, Ueberroth said. In the previous two seasons, the World Series was played entirely at night to accommodate television.

The 84th World Series is scheduled to begin in the American League city, with Games 1 and 2 set for Oct. 17 and Oct. 18. Games 3, 4 and 5 are scheduled for Oct. 20-22 in the National League city, Game 7, if necessary, is set for Sunday, Oct. 25, in the AL city.

Orioles, Milwaukee's Paul Molitor extended his major-league high hitting streak to 28 games by homering with two out in the ninth.

Cubs 7, Mets 5: In the National League, in Chicago, Jody Davis' two-run single off the glove of right fielder Danny Sizemore snapped an eight-inning tie against the Cubs a come-from-behind victory over New York.

Phillies 4, Cardinals 2: In St. Louis, Missouri, Rick Schu doubled home two runs with two out in the 13th to lift Philadelphia to its fifth consecutive victory. The Cardinals outfield did not have a put-out in 13 innings, a major-league record.

Expos 9, Pirates 7: In Montreal, Dave Engle singled home the winning run against Pittsburgh in the seventh inning and Tim Wallach drove in five runs to take the National League lead in RBI with 99. Montreal's Tim Lincecum stole two bases to give him 500 career steals.

Giants 7, Astros 6: In San Francisco, Robby Thompson scored on an error by Houston shortstop Buddy Biancalana with two out in the 11th to give the Giants the victory and keep them in a tie with Cincinnati atop the NL West.

Reds 5, Dodgers 2: In Los Angeles, pinch hitter Tracy Jones singled home two runs to highlight Cincinnati's five-run eighth inning. The Reds, who had lost six of the first seven games of an 11-game road trip, trailed 2-0 entering the eighth.

Padres 5, Brewers 3: In San Diego, Chris Brown hit a three-run double to tie the score 3-3 and then scored the go-ahead run on Garry Templeton's double to highlight a five-run sixth inning against Atlanta.

White Sox 10, Blue Jays 3: In Toronto, Donnie Hill came off the disabled list and smacked a three-run homer, and Fred Manrique and Gary Redus added home runs in the first seven games of an 11-game road trip, trailed 2-0 entering the eighth.

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SCOREBOARD

Baseball

Major League Statistical Leaders

Table with columns for Player, Team, and various statistics (G, AB, R, H, Pct., etc.) for Major League Statistical Leaders.

Thursday's Major League Line Scores

Table showing line scores for various MLB games, including teams, runs, hits, errors, and pitchers.

Pan American Games

Gold Medalists

Table listing gold medalists in various sports at the Pan American Games, including names and countries.

Transition

Table listing player transitions between teams, including player names, current teams, and previous teams.

Major League Standings

Table showing current standings for all 16 Major League teams, including wins, losses, and percentages.



High and Long

In a meet that she almost chose not to attend, Jackie Joyner-Kersey tied the world long jump record of 24 feet, 5 1/2 inches Thursday night at the Pan American Games in Indianapolis.

Joyner-Kersey, 25, reached the record she shares with East Germany's Heike Drechsler on her sixth and final jump.

Escorts & Guides

Table listing international escort and guide services, including company names and contact information.

SPORTS BRIEFS

Wharton Sets 400-Meter Medley Mark

BRISBANE, Australia (Reuters) — Dave Wharton of the United States broke the world record in the 400-meter individual medley Friday at the Pan Pacific Swimming championships here.

Wharton, 18, powered away from Alex Baumann of Canada and Rob Woodhouse of Australia, to clock 4 minutes, 16.2 seconds, bettering Baumann's mark of 4:17.41, set at the Los Angeles Olympics in 1984.

Wharton led from the gun and was just behind his target for Baumann's world mark as he entered the final freestyle leg.

Woodhouse was second in 4:18.05, and Baumann third, in 4:18.46. Baumann, who swam over to congratulate Wharton, said later, "He's going to be the one to beat in '88."

Blind Sailor Weathers Storm at Sea

ST. GEORGES, Bermuda (UPI) — Jim Dickson, attempting to become the first blind sailor to cross the Atlantic, fought through storm and waves for a rendezvous with a pilot boat Friday on the way to Bermuda to repair vital equipment and rest from days in heavy seas.

Don McGrath, a member of Dickson's support crew on Bermuda, said he was heading his 36-foot (11-meter) sloop, Eye Opener, through 8-foot waves stirred up by tropical storm Arlene to a meeting with government pilot boat about 28 miles (45 kilometers) from shore.

Dickson started up Eye Opener's engine at midnight Thursday about 58 miles northeast of the island to make the open-ocean meeting, McGrath said. He was expected to arrive in Bermuda by 4 P.M. McGrath said Dickson, 41, was in good spirits and eager to continue his attempt to cross the Atlantic alone.

For the Record

The Soviet national baseball team played its first game Thursday and lost, 22-0, to a Nicaraguan team in the Ukrainian capital of Kiev, Tass news agency reported. Tass said the Soviets "at least managed to prevent the guests from scoring points in two innings." (RP)

